

MAINE STATE LEGISLATURE

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Date: 3/25/22

(Filing No. S-4/620)

HEALTH COVERAGE, INSURANCE AND FINANCIAL SERVICES

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**STATE OF MAINE
SENATE
130TH LEGISLATURE
SECOND REGULAR SESSION**

COMMITTEE AMENDMENT "A" to S.P. 186, L.D. 482, "An Act Regarding Pet Insurance"

Amend the bill by striking out everything after the enacting clause and inserting the following:

'Sec. 1. 24-A MRSA c. 44 is enacted to read:

CHAPTER 44

PET INSURANCE

§3151. Short title

This chapter may be known and cited as "the Pet Insurance Act."

§3152. Scope and applicability

This chapter establishes requirements for the sale, solicitation, negotiation or offer of pet insurance in this State.

1. Applicability. The requirements of this chapter apply to pet insurance policies that are sold, solicited, negotiated or offered in this State and that are issued to any resident of this State and to policies or certificates that are delivered or issued for delivery in this State.

2. General provisions of Title 24-A. All applicable provisions of this Title apply to pet insurance, except that the specific provisions of this chapter supersede any general provisions of this Title that would otherwise be applicable to pet insurance.

§3153. Definitions

As used in this chapter, unless the context otherwise indicates, the following terms have the following meanings.

1. Chronic condition. "Chronic condition" means a condition that can be treated or managed, but not cured.

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- 1 **2. Congenital anomaly or disorder.** "Congenital anomaly or disorder" means a
2 condition that is present from birth, whether inherited or caused by the environment, which
3 may cause or contribute to illness or disease.
- 4 **3. Hereditary disorder.** "Hereditary disorder" means an abnormality that is
5 genetically transmitted from parent to offspring and may cause illness or disease.
- 6 **4. Orthopedic.** "Orthopedic" refers to conditions affecting the bones, skeletal muscle,
7 cartilage, tendons, ligaments and joints, including, but not limited to, elbow dysplasia, hip
8 dysplasia, intervertebral disc degeneration, patellar luxation and cranial cruciate ligament
9 ruptures but not including cancers or metabolic, hemopoietic or autoimmune diseases.
- 10 **5. Pet insurance.** "Pet insurance" means property insurance that provides coverage
11 for accidents and illnesses of pets.
- 12 **6. Preexisting condition.** "Preexisting condition" means a condition for which any of
13 the following are true prior to the effective date of a pet insurance policy or during a waiting
14 period:
- 15 A. A veterinarian provided medical advice regarding the condition;
16 B. The pet received previous treatment for the condition; or
17 C. Based on information from verifiable sources, the pet had signs or symptoms
18 directly related to the condition for which a claim is being made.
- 19 **7. Renewal.** "Renewal" means to issue and deliver at the end of an insurance policy
20 period a policy that supersedes a policy previously issued and delivered by the same insurer
21 or an affiliated insurer and that provides types and limits of coverage substantially similar
22 to those contained in the policy being superseded.
- 23 **8. Veterinarian.** "Veterinarian" means an individual who holds a valid license to
24 practice veterinary medicine from the appropriate licensing entity in the jurisdiction in
25 which the individual practices.
- 26 **9. Veterinary expenses.** "Veterinary expenses" means the costs associated with
27 medical advice, diagnosis, care or treatment provided by a veterinarian, including, but not
28 limited to, the cost of drugs prescribed by a veterinarian.
- 29 **10. Waiting period.** "Waiting period" means the period of time specified in a pet
30 insurance policy that is required to transpire before some or all of the coverage in the policy
31 begins.
- 32 **11. Wellness program.** "Wellness program" means a subscription-based or
33 reimbursement-based program that is separate from an insurance policy and that provides
34 goods and services to promote the general health, safety or well-being of a pet.
- 35 **§3154. Policy definitions and exclusions**
- 36 **1. Use of defined terms.** If an insurer uses any of the terms that are defined in section
37 3153 in a pet insurance policy, the insurer shall use the definition of each of those terms as
38 set forth in section 3153 and include the definition of those terms in the policy. The insurer
39 shall also make the definition available through a clear and conspicuous link on the main
40 page of the insurer's or insurer's program administrator's publicly accessible website.

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1 **2. Exclusions.** This chapter does not limit or prohibit the types of exclusions an insurer
2 may use in a pet insurance policy or require an insurer to include any of the limitations or
3 exclusions described in section 3155.

4 **§3155. Required disclosures**

5 **1. Disclosures.** An insurer transacting pet insurance shall disclose to consumers:

6 **A.** Whether the policy excludes coverage due to any of the following:

7 **(1)** A preexisting condition;

8 **(2)** A hereditary disorder;

9 **(3)** A congenital anomaly or disorder; or

10 **(4)** A chronic condition;

11 **B.** Whether the policy includes any other exclusions and, if so, add the following
12 statement: "Other exclusions may apply. Please refer to the exclusions section of the
13 policy for more information.";

14 **C.** Any policy provision that limits coverage through a waiting period or affiliation
15 period, a deductible, coinsurance or an annual or lifetime policy limit;

16 **D.** Whether the insurer reduces coverage or increases premiums based on the insured's
17 claim history, the age of the covered pet or a change in the geographic location of the
18 insured; and

19 **E.** Whether the underwriting company differs from the brand name used to market and
20 sell the product.

21 **2. Right to examine and return a policy.** Unless the insured has filed a claim under
22 a pet insurance policy, an applicant for pet insurance has the right to examine and return a
23 policy, certificate or rider to the insurer or the insurer's producer within 15 days of its
24 receipt and to have the premium refunded if, after examination of the policy, certificate or
25 rider, the applicant is not satisfied for any reason. A pet insurance policy, certificate or
26 rider must have a notice prominently printed on or attached to the first page including
27 specific instructions for returning a policy. The following statement or language
28 substantially similar to the following statement must be included:

29 "You have 15 days from the day you receive this policy, certificate or rider to
30 review it and return it to the company if you decide not to keep it. You do not
31 have to tell the company why you are returning it. If you decide not to keep it,
32 simply return it to the company at its administrative office or you may return
33 it to the insurance producer that you bought it from as long as you have not
34 filed a claim. You must return it within 15 days of the day you first received
35 it. The company will refund the full amount of any premium paid within 30
36 days after it receives the returned policy, certificate or rider. The premium
37 refund will be sent directly to the person who paid it. The policy, certificate
38 or rider will be void as if it had never been issued."

39 **3. Basis for claims payments.** An insurer shall clearly disclose a summary description
40 of the basis on or formula by which the insurer determines claim payments under a pet
41 insurance policy within the policy, prior to issuance of the policy and through a clear and

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conspicuous link on the main page of the insurer's or insurer's program administrator's publicly accessible website.

4. Use of benefit schedule. An insurer that uses a benefit schedule to determine claim payments under a pet insurance policy shall:

A. Clearly disclose the applicable benefit schedule in the policy; and

B. Disclose all benefit schedules used by the insurer under its pet insurance policies through a clear and conspicuous link on the main page of the insurer's or insurer's program administrator's publicly accessible website.

5. Fees. An insurer that determines claim payments under a pet insurance policy based on usual and customary fees, or any other reimbursement limitation based on prevailing veterinary expenses, shall:

A. Include a usual and customary fee limitation provision in the policy that clearly describes the insurer's basis for determining usual and customary fees and how that basis is applied in calculating claim payments; and

B. Disclose the insurer's basis for determining usual and customary fees through a clear and conspicuous link on the main page of the insurer's or insurer's program administrator's publicly accessible website.

6. Medical examination. If a medical examination by a licensed veterinarian is required to effectuate coverage under a pet insurance policy, the insurer shall clearly and conspicuously disclose the required aspects of the examination prior to purchase and disclose that documentation of the examination may result in a preexisting condition exclusion.

7. Waiting period. A waiting period and any applicable requirements for that waiting period must be clearly and prominently disclosed to consumers prior to the pet insurance policy purchase.

8. Summary of policy provisions. An insurer shall include a summary of all policy provisions required in this section in a separate document titled "Insurer Disclosure of Important Policy Provisions." The insurer shall post the "Insurer Disclosure of Important Policy Provisions" document required in this subsection through a clear and conspicuous link on the main page of the insurer's or insurer's program administrator's publicly accessible website. In connection with the issuance of a new pet insurance policy, the insurer shall provide the consumer with a copy of the "Insurer Disclosure of Important Policy Provisions" document required in this subsection in at least 12-point type upon delivery of the policy.

9. Written disclosure. At the time a pet insurance policy is issued or delivered to a policyholder, the insurer shall include a written disclosure with the following information, printed in 12-point boldface type:

A. The bureau's mailing address and toll-free telephone number and a link to the bureau's publicly accessible website;

B. The address and customer service telephone number of the insurer or the producer of record; and

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1 C. If the policy was issued or delivered by a producer, a statement advising the
2 policyholder how to contact the producer for assistance.

3 10. Additional disclosures. The disclosures required in this section are in addition to
4 any other disclosure requirements required by law, rule or regulation.

5 **§3156. Policy conditions**

6 1. Exclusion. An insurer may issue a pet insurance policy that excludes coverage on
7 the basis of one or more preexisting conditions with appropriate disclosure to the consumer.
8 The insurer has the burden of proving that the preexisting condition exclusion applies to
9 the condition for which a claim is being made.

10 2. Waiting periods. An insurer may issue a pet insurance policy that imposes a waiting
11 period upon effectuation of the policy as long as that waiting period does not exceed 30
12 days for illnesses or orthopedic conditions not resulting from an accident. A waiting period
13 for illnesses or orthopedic conditions resulting from an accident is prohibited. An insurer
14 may not impose a waiting period on the renewal of existing coverage. An insurer imposing
15 a waiting period as permitted by this subsection shall include a provision in the pet
16 insurance policy contract that allows the waiting period to be waived upon completion of
17 a medical examination. An insurer may require the examination to be conducted by a
18 licensed veterinarian after the purchase of the policy. A medical examination conducted
19 pursuant to this subsection must be paid for by the policyholder, unless the policy specifies
20 that the insurer will pay for the examination. An insurer may specify elements to be
21 included as part of the examination and require documentation of the elements, as long as
22 the specifications do not unreasonably restrict a consumer's ability to waive the waiting
23 period.

24 3. Renewal. An insurer may not require a veterinary examination of the covered pet
25 for the insured to have the pet insurance policy renewed. A condition for which coverage
26 is afforded on a policy may not be considered a preexisting condition on any renewal of
27 the policy.

28 4. Other benefits. If an insurer includes any prescription, wellness or noninsurance
29 benefits in the pet insurance policy form, those benefits become part of the pet insurance
30 policy contract and the provision of those benefits must follow all applicable laws in this
31 Title and any rules adopted pursuant to those laws.

32 5. Participation in wellness program. An insurer may not condition a person's
33 eligibility to purchase a pet insurance policy on participation, or lack of participation, in a
34 separate wellness program.

35 **§3157. Wellness programs**

36 1. Marketing. An insurer or insurance producer may not:

37 A. Market a wellness program as pet insurance; or

38 B. Market a wellness program during the sale, solicitation or negotiation of pet
39 insurance.

40 2. Sale of wellness program. If a wellness program is sold by an insurer or insurance
41 producer, the following requirements apply:

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- 1 A. The purchase of a wellness program may not be a requirement of the purchase of
- 2 pet insurance;
- 3 B. The costs of a wellness program must be separate and identifiable from any pet
- 4 insurance policy sold by an insurer or insurance producer;
- 5 C. The terms and conditions for a wellness program must be separate from any pet
- 6 insurance policy sold by an insurer or insurance producer;
- 7 D. The products or coverages available through a wellness program may not duplicate
- 8 products or coverages available through the pet insurance policy; and
- 9 E. The advertising of a wellness program may not be misleading and must differentiate
- 10 the wellness program from pet insurance.

11 **3. Disclosure.** An insurer or insurance producer shall clearly disclose the following to

- 12 consumers of wellness program products, printed in 12-point boldface type:
- 13 A. That wellness programs are not insurance;
- 14 B. The bureau's mailing address and toll-free telephone number and a link to the
- 15 bureau's publicly accessible website; and
- 16 C. The address and customer service telephone number of the insurer or the producer
- 17 of record.

18 **4. Wellness benefits.** Any coverages included in a pet insurance policy contract

19 described as "wellness benefits" are considered insurance. If a wellness program

20 undertakes to indemnify another party, pays a specified amount upon determinable

21 contingencies or provides coverage for a fortuitous event, it is transacting the business of

- 22 insurance and is subject to the requirements of this Title, except that a contract directly
- 23 between a service provider and a pet owner that involves only those 2 parties is not
- 24 transacting the business of insurance unless other indications of insurance also exist.
- 25 **§3158. Insurance producer requirements**
- 26 1. Training. An insurance producer may not sell, solicit or negotiate a pet insurance
- 27 product until after the producer is appropriately licensed and has completed the required
- 28 training identified in subsection 2.
- 29 2. Requirements. An insurer shall ensure that any producer holding an appointment
- 30 has been appropriately trained on the features of any pet insurance product offered by the
- 31 producer. The training required under this subsection must include information on the
- 32 following topics:
- 33 A. Preexisting conditions and waiting periods;
- 34 B. The differences between pet insurance and noninsurance wellness programs;
- 35 C. Hereditary disorders, congenital anomalies or disorders and chronic conditions and
- 36 how pet insurance policies interact with those conditions or disorders; and
- 37 D. Rating, underwriting, renewal and other related administrative topics.

38 **§3159. Enforcement**

39 The superintendent may assess a civil penalty or take any other action permitted under

40 section 12-A against any person that violates any provision of this chapter.

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§3160. Rules

The superintendent may adopt rules to implement this chapter. Rules adopted pursuant to this section are routine technical rules as defined in Title 5, chapter 375, subchapter 2-A.

§3161. Effective date

This chapter takes effect January 1, 2023.'

Amend the bill by relettering or renumbering any nonconsecutive Part letter or section number to read consecutively.

SUMMARY

This amendment replaces the bill. The amendment enacts requirements for the sale of pet insurance in this State, using model legislation developed by the National Association of Insurance Commissioners. The bill does the following.

- 1. It defines terms used in pet insurance policies and contracts.
- 2. It requires insurers to make specific disclosures to consumers about the terms and conditions of a pet insurance policy and how claims are paid and gives policyholders the right to return a policy within 15 days.
- 3. It allows pet insurance policies to include exclusions for preexisting conditions as long as they are disclosed to consumers.
- 4. It allows pet insurance policies to include a waiting period for illnesses or orthopedic conditions but not accidents and provides that the waiting period may not exceed 30 days. An insurer must waive a waiting period if the covered pet undergoes a medical examination paid for by the policyholder.
- 5. It prohibits insurers and producers from marketing wellness programs as insurance and marketing wellness programs while selling, soliciting or negotiating pet insurance. Insurance producers must also be trained before selling pet insurance.

The requirements take effect January 1, 2023 and apply to pet insurance policies that are sold, solicited, negotiated or offered in this State and to policies issued to any resident of the State and certificates delivered or issued for delivery in this State.

FISCAL NOTE REQUIRED

(See attached)



130th MAINE LEGISLATURE

LD 482

LR 632(02)

An Act Regarding Pet Insurance

Fiscal Note for Bill as Amended by Committee Amendment "A" (S-460)
Committee: Health Coverage, Insurance and Financial Services
Fiscal Note Required: Yes

Fiscal Note

Minor cost increase - Other Special Revenue Funds

Fiscal Detail and Notes

Additional costs to the Department of Professional and Financial Regulation are expected to be minor and can be absorbed within existing budgeted resources.